

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Filing at a Glance

Company: Foremost Insurance Company Grand Rapids, Michigan

Product Name: Manufactured Home Insurance SERFF Tr Num: FORE-126368110 State: Arkansas
Program

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num: EFT \$100

Sub-TOI: 04.0002 Mobile Homeowners

Co Tr Num: C-80

State Status: Fees verified and received

Filing Type: Rate

Reviewer(s): Becky Harrington, Betty Montesi

Author: Christine Mooney

Disposition Date: 02/01/2010

Date Submitted: 11/11/2009

Disposition Status: Filed

Effective Date Requested (New): 03/01/2010

Effective Date (New): 03/01/2010

Effective Date Requested (Renewal): 03/01/2010

Effective Date (Renewal): 03/01/2010

State Filing Description:

meeting w/commish 12/1; canceled; meeting 12/16

General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 02/01/2010

State Status Changed: 11/18/2009

Deemer Date:

Created By: Christine Mooney

Submitted By: Christine Mooney

Corresponding Filing Tracking Number: C-81, FORE-126371764

Filing Description:

Revision to the rate section

Company and Contact

Filing Contact Information

Kaan Cidanli, Administrator

kaan.cidanli@foremost.com

SERFF Tracking Number: FORE-126368110 State: Arkansas
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Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

PO Box 2450 616-956-3645 [Phone]
Grand Rapids, MI 49501-2450

Filing Company Information

Foremost Insurance Company Grand Rapids, Michigan CoCode: 11185 State of Domicile: Michigan
P.O. Box 2450 Group Code: Company Type: Property and Casualty
Grand Rapids, MI 49501-2450 Group Name: State ID Number:
(616) 956-3000 ext. [Phone] FEIN Number: 38-1407533

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: rates
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Foremost Insurance Company Grand Rapids, Michigan	\$100.00	11/11/2009	31968641

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 Product Name: Manufactured Home Insurance Program
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	02/01/2010	02/01/2010

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	12/16/2009	12/16/2009	Christine Mooney	01/15/2010	01/15/2010
No response necessary	Becky Harrington	12/07/2009	12/07/2009			
Pending Industry Response	Becky Harrington	11/18/2009	11/18/2009	Christine Mooney	11/30/2009	11/30/2009

SERFF Tracking Number:	FORE-126368110	State:	Arkansas
Filing Company:	Foremost Insurance Company Grand Rapids, Michigan	State Tracking Number:	EFT \$100
Company Tracking Number:	C-80		
TOI:	04.0 Homeowners	Sub-TOI:	04.0002 Mobile Homeowners
Product Name:	Manufactured Home Insurance Program		
Project Name/Number:	/		

Disposition

Disposition Date: 02/01/2010
Effective Date (New): 03/01/2010
Effective Date (Renewal): 03/01/2010
Status: Filed
Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Foremost Insurance Company Grand Rapids, Michigan	43.500%	15.800%	\$1,285,871	11,430	\$8,040,389	24.900%	-2.400%

SERFF Tracking Number: FORE-126368110 State: Arkansas
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TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document (revised)	Letter and Summary of Revisions	Filed	Yes
Supporting Document	Letter and Summary of Revisions		Yes
Supporting Document (revised)	Sections B and C, and Investment Income	Filed	Yes
Supporting Document	Sections B and C, and Investment Income		Yes
Supporting Document (revised)	Arkansas Exhibit A - Disruption Chart	Filed	Yes
Supporting Document	Arkansas Disruption Chart		Yes
Supporting Document	Response Letter of 1-15-10	Filed	Yes
Rate	Revised Rate Pages	Filed	Yes
Rate	Changed Rate Pages	Filed	Yes

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 12/16/2009
Submitted Date 12/16/2009
Respond By Date
Dear Kaan Cidanli,

This will acknowledge receipt of the captioned filing.

Objection 1

No Objections

Comment: Please amend the filing so that no one insured receives an increase greater than 25%.

Provide a revised disruption exhibit.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 01/15/2010
Submitted Date 01/15/2010

Dear Becky Harrington,

Comments:

This is in response to your Objection Letter dated 12/16/2009.

Response 1

Comments: Please refer to our attached documents.

Related Objection 1

Comment:

Please amend the filing so that no one insured receives an increase greater than 25%.

Provide a revised disruption exhibit.

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Letter and Summary of Revisions

Comment:

Satisfied -Name: Sections B and C, and Investment Income

Comment:

Satisfied -Name: Arkansas Exhibit A - Disruption Chart

Comment:

Satisfied -Name: Response Letter of 1-15-10

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Changed Rate Pages	Pages R-10, R-11, R-12, R-15, R-16, R-17, R-18, R-19, R-20	Replacement	

Your attention to our filing is appreciated.

Very truly yours,
Kaan K. Cidanli
State Filings Administrator

Sincerely,
Christine Mooney

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, State Tracking Number: EFT \$100
Michigan
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Objection Letter

Objection Letter Status No response necessary
Objection Letter Date 12/07/2009
Submitted Date 12/07/2009
Respond By Date
Dear Kaan Cidanli,

This filing is being held in abeyance pending Commissioner Bradford's review on 12/16/2009.

Please feel free to contact me if you have questions.
Sincerely,
Becky Harrington

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 11/18/2009
Submitted Date 11/18/2009
Respond By Date
Dear Kaan Cidanli,

This will acknowledge receipt of the captioned filing.

Objection 1

- Revised Rate Pages, Pages R-1 thru R-22 (Rate)

Comment: Provide evidence of expense savings and the relationship between the affinity groups and Foremost in compliance with ACA 23-67-208(d)(2).

Objection 2

- Revised Rate Pages, Pages R-1 thru R-22 (Rate)

Comment: Page R-20

Please verify that EQ rates are per 100.

Objection 3

- Letter and Summary of Revisions (Supporting Document)

Comment: Explain what is meant by "these factors are not the only factors (modifiers) used for rating purposes"

Objection 4

- NAIC loss cost data entry document (Supporting Document)

Comment: Provide a disruption chart for this filing.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,
Becky Harrington

Response Letter

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Response Letter Status Submitted to State
Response Letter Date 11/30/2009
Submitted Date 11/30/2009

Dear Becky Harrington,

Comments:

This is in response to your Objection Letter dated 11/18/2009.

Response 1

Comments: Please refer to the enclosed Arkansas Disruption Chart.

Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Provide a disruption chart for this filing.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Arkansas Disruption Chart

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: This discount is based upon a difference in loss ratios. In 2008, our Manufactured Home product had a loss ratio of 90%. During the same period of time, our Manufactured Home customers referred to us by the affinity groups had a 66% loss ratio.

Related Objection 1

Applies To:

- Revised Rate Pages, Pages R-1 thru R-22 (Rate)

Comment:

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Provide evidence of expense savings and the relationship between the affinity groups and Foremost in compliance with ACA 23-67-208(d)(2).

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: I can verify that the earthquake rates are per \$100.

Related Objection 1

Applies To:

- Revised Rate Pages, Pages R-1 thru R-22 (Rate)

Comment:

Page R-20

Please verify that EQ rates are per 100.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments: What is meant by "these factors are not the only factors (modifiers) used for rating purposes" is that there are numerous other premium modifiers used in the rating process and that an insured's FACET Score is one of several modifiers.

Related Objection 1

SERFF Tracking Number: FORE-126368110 State: Arkansas
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Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Applies To:

- Letter and Summary of Revisions (Supporting Document)

Comment:

Explain what is meant by "these factors are not the only factors (modifiers) used for rating purposes"

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Your attention to this filing is appreciated. Please let me know if I may be of further assistance.

Very truly yours,
Kaan K. Cidanli
State Filings Administrator

Enclosure: Arkansas Disruption Chart

Sincerely,
Christine Mooney

SERFF Tracking Number:	FORE-126368110	State:	Arkansas
Filing Company:	Foremost Insurance Company Grand Rapids, Michigan	State Tracking Number:	EFT \$100
Company Tracking Number:	C-80		
TOI:	04.0 Homeowners	Sub-TOI:	04.0002 Mobile Homeowners
Product Name:	Manufactured Home Insurance Program		
Project Name/Number:	/		

Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	0.400%
Effective Date of Last Rate Revision:	06/01/2009
Filing Method of Last Filing:	Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Foremost Insurance Company Grand Rapids, Michigan	43.500%	23.600%	\$1,916,779	11,430	\$8,040,389	54.900%	-2.400%

SERFF Tracking Number: FORE-126368110 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
 Company Tracking Number: C-80
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 02/01/2010	Revised Rate Pages	Pages R-1 thru R-22	Replacement	AR-Revised Rate Pages.pdf
Filed 02/01/2010	Changed Rate Pages	Pages R-10, R-11, R-12, R-15, R-16, R-17, R-18, R-19, R-20	Replacement	AR-Changed Rate Pages.pdf

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS

DEFINITIONS

AGE OF THE MANUFACTURED HOME

The age of the manufactured home will be determined by subtracting the manufactured home model year from the year in which the manufactured home policy becomes effective (or its renewal).

AUXILIARY HEATING DEVICE

An auxiliary heating device is a wood, coal, kerosene heater or any other supplemental heating system, not installed by the original manufactured home manufacturer.

* EXTRAORDINARY LIFE EVENT

An extraordinary life event includes any of the following kinds of events if that event has an adverse effect upon a first named insured's Fire and Auto Combined Evaluation Tool (FACET) Score:

Catastrophic illness or injury	Death of a spouse, child or parent
Temporary loss of employment	Divorce
Identity fraud, including theft of identity	Any similar life event

An event will not qualify as an extraordinary life event for rating purposes unless:

1. The event precedes the date that we obtain the score;
2. Reasonable written and independently verifiable documentation is provided by the first named insured; and
3. This documentation provides evidence that the event adversely influenced the score.

FARM OR RANCH

Farm or farming means the ownership or use of land for cultivation of agricultural products. However, farm or farming does not include the ownership or use of land for the cultivation of a personal garden.

Ranch or ranching means the ownership or use of land for the raising of livestock such as cattle, sheep or horses.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

DEFINITIONS (continued)

* FIRE AND AUTO COMBINED EVALUATION TOOL (FACET) SCORE

The score is calculated by FACET, developed on our behalf by Farmers Group Inc. using credit information provided by TransUnion, and will be applied as follows:

New Business/Change in the First Named Insured:

The score for the first named insured listed on the Declarations Page will be calculated prior to issuing the policy. If the first named insured is a business entity, then the score will be calculated for the person with primary control. The resulting placement within a score range will remain unchanged for successive policy periods except as provided below or if an adjustment is granted for an extraordinary life event.

If a first named insured suffers one or more extraordinary life events, then determine the first named insured's Fire and Auto Combined Evaluation Tool (FACET) Score and its placement in the score range. Use the next lower factor for rating.

If the first named insured disputes the credit history upon which the insurance score is based and the disputation results in a correction to the credit history, we will re-rate the policy retroactive to the effective date of the policy.

Renewal Business:

The score will only be calculated if the first named insured:

1. Requests that we obtain a recalculation of the insurance score and use this recalculated score to recalculate the rating on the policy. The first named insured may request such a recalculation only once every 365 days. The score for the first named insured listed on the Declarations Page will be calculated not more than 90 days before the renewal date.
2. Disputes the credit history upon which the insurance score is based and the disputation results in a correction to the credit history. If this occurs, we will re-rate the policy retroactive to the effective date of the policy in effect at the time when the correction was accomplished.
3. Suffers one or more extraordinary life events. The score for the first named insured listed on the Declarations Page will be calculated not more than 90 days before the renewal date.

If a first named insured suffers one or more extraordinary life events, then determine the first named insured's Fire and Auto Combined Evaluation Tool (FACET) Score and its placement in the score range for both the renewal policy and the preceding policy. If the preceding policy's factor was lower, then apply the preceding policy's factor for rating.

If a first named insured is a business entity, then the score will be calculated for the person with primary control.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

DEFINITIONS (continued)

OUT OF PARK

Manufactured homes not located in a Park.

PARK

A planned and named community of manufactured homes which have permanently installed water, electricity and sewage utility services; which are collectively managed; and whose residents recognize common bylaws or rules. Also, those homes located within an incorporated city to town (This sentence is only available to policies in force prior to June 1, 2008.).

SECONDARY RESIDENCE

A secondary residence is defined as a manufactured home which is occupied on an irregular and noncontinuous basis or on a continuous basis, but less than five (5) consecutive months a year. It may not be rented to others.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

TERRITORIES

Territory A consists of the following counties:

Remainder of State

Territory B consists of the following counties:

Chicot
Clay
Crittenden

Desha
Greene
Lee

Mississippi
Phillips

Territory C consists of the following counties:

Ashley
Calhoun
Clark
Columbia
Dallas
Hempstead

Hot Spring
Howard
Lafayette
Little River
Miller
Nevada

Ouachita
Pike
Sevier
Union

Territory D consists of the following counties:

Benton
Boone

Carroll
Madison

Washington

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

RATING - MINIMUM REQUIREMENTS

Each policy will provide at least these minimum Amounts of Insurance/Limits of Liability and coverage relationships:

Primary Residence

<u>Coverages</u>	<u>Amount of Insurance/Limit of Liability</u>
Coverage A - Dwelling	Amount of Insurance
Coverage B - Other Structures	† 10% of the Coverage A - Dwelling Amount of Insurance
Coverage C - Personal Property	† 40% of the Coverage A - Dwelling Amount of Insurance
Liability	
Coverage E - Personal Liability	\$50,000 Limit of Liability
Coverage F - Medical Payments To Others	\$500 Limit of Liability
Damage To Property Of Others	\$500 Limit of Liability

NOTE:

The Minimum Amounts of Insurance

	Minimum Amount of Insurance
Coverage A – Dwelling	\$ 5,000
Coverage B – Other Structures	500
Coverage C – Personal Property	2,000

† How To Determine the Amount of Insurance for Coverage B – Other Structures and Coverage C – Personal Property

Coverage B – Other Structures

- Step 1. Round the amount of insurance for Coverage A down to the nearest \$1,000
- Step 2. Multiply the amount of insurance for Coverage A, determined in Step 1., by the percentage shown for this coverage, and then round the result to the nearest hundred, subject to the application of the minimum amount of insurance for this coverage.

Coverage C – Personal Property

- Step 1. Round the amount of insurance for Coverage A down to the nearest \$1,000
- Step 2. Multiply the amount of insurance for Coverage A, determined in Step 1., by the percentage shown for this coverage, and then round the result to the nearest hundred, subject to the application of the minimum amount of insurance for this coverage.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

RATING - MINIMUM REQUIREMENTS (Continued)

Each policy will provide at least these minimum Amounts of Insurance/Limits of Liability and coverage relationships:

Secondary Residence

<u>Coverages</u>	<u>Amount of Insurance/Limit of Liability</u>
Coverage A - Dwelling	Amount of Insurance
Coverage B - Other Structures	Subject to a minimum of \$500
Coverage C - Personal Property	Subject to a minimum of \$2,000

Tenant

<u>Coverages</u>	<u>Amount of Insurance/Limit of Liability</u>
Coverage C - Personal Property	\$5,000 Amount of Insurance
Liability	
Coverage E - Personal Liability	\$50,000 Limit of Liability
Coverage F - Medical Payments To Others	\$500 Limit of Liability
Damage To Property Of Others	\$500 Limit of Liability

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory A

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	* \$371.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	* 18.00
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	* 10.25
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	* 7.76
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	* 5.86

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory B

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	* \$450.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	36.00
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	* 20.50
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	17.50
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	17.50

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory C

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$365.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	16.50
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	12.50
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	8.60
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	6.20

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory D

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$247.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	12.50
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	3.30
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	3.20
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	3.10

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE B - OTHER STRUCTURES

Primary and Secondary Residence
\$500 Deductible

Out of Park

Named Insured Under 50 Years of Age

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
A	\$ 100	* \$ 11.13	* \$ 1.13
B	100	* 22.26	* 2.26
C	100	7.85	.85
D	100	7.83	.83

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE C - PERSONAL PROPERTY

Primary and Secondary Residence
\$500 Deductible

Out of Park

Named Insured Under 50 Years of Age

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
A	\$ 100	* \$ 89.06	* \$ 1.06
B	100	* 178.12	* 2.12
C	100	65.80	.80
D	100	* 60.70	* .70

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

TENANT INSURANCE

COVERAGE C - PERSONAL PROPERTY

\$500 Deductible

<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
\$ 1,000	\$125.00	\$ 2.00

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
TENANT INSURANCE

COVERAGE E - PERSONAL LIABILITY
Primary and Secondary Residence and Tenant

(Includes \$500 Coverage F - Medical Payments to Others and \$500 Damage to Property of Others)

<u>Limit</u>	<u>Premiums</u>
\$ 25,000	\$28
50,000	35
100,000	46
300,000	84
500,000	98

COVERAGE F - MEDICAL PAYMENTS TO OTHERS
Primary and Secondary Residence and Tenant

<u>To Increase Limit To</u>	<u>Additional Premium</u>
\$1,000	\$4

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS

APPLICATION OF PREMIUM MODIFIERS

The premium modifiers will be applied to Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property premiums, if applicable, in the following order:

- | | |
|-----------------------------------------------------------|------------------------------|
| 1. Secondary Residence | 7. Multi Policy |
| 2. Named Insured 50 Years of Age or Older | 8. Deductible |
| 3. In Park Manufactured Home | 9. Farm or Ranch |
| 4. Age of Manufactured Home | 10. Auxiliary Heating Device |
| 5. Channel of Distribution | |
| * 6. Fire and Auto Combined Evaluation Tool (FACET) Score | |

* AFFINITY GROUP

Primary and Secondary Residence and Tenant

Reduce the premium by \$30 when the named insured is a member of an affinity group, namely a non-profit organization consisting of 25 members or more which exists to promote the interest of that group.

The following affinity group(s) are eligible:

United Services Automobile Association members (USAA)
Armed Forces Insurance

The Affinity Discount form must be attached to the policy when this modifier is selected.

AGE OF THE MANUFACTURED HOME

Primary and Secondary Residence

Multiply the Coverage A – Dwelling premiums by the appropriate premium modifier.

<u>Age of Manufactured Home</u>	<u>Premium Modifier</u>
Under 3	* .88
3 – 4	.88
5 – 6	.92
7 – 10	.96

AUXILIARY HEATING DEVICE

Primary and Secondary Residence and Tenant

A \$50 charge applies when the manufactured home or other structure is equipped with an auxiliary heating device.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

CHANNEL OF DISTRIBUTION
Primary and Secondary Residence

<u>Channel of Distribution</u>	<u>Premium Modifier</u>
Agent	1.00
Direct	0.92

Multiply Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property by the appropriate premium modifier.

DEDUCTIBLE

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate deductible factor.

<u>Deductible Amount</u>	<u>Coverage</u>	<u>Deductible Factors</u>		
		<u>Primary Residence</u>	<u>Secondary Residence</u>	<u>Tenant</u>
\$100	Coverage A – Dwelling	* 1.12	* 1.12	N/A
	Coverage B – Other Structures	* 1.12	* 1.12	N/A
	Coverage C – Personal Property	* 1.12	* 1.12	* 1.12
\$250	Coverage A – Dwelling	* 1.08	* 1.08	N/A
	Coverage B – Other Structures	* 1.08	* 1.08	N/A
	Coverage C – Personal Property	* 1.08	* 1.08	* 1.08
\$500	Coverage A – Dwelling	Included	Included	N/A
	Coverage B – Other Structures	Included	Included	N/A
	Coverage C – Personal Property	Included	Included	Included
\$750	Coverage A – Dwelling	.95	.95	N/A
	Coverage B – Other Structures	.95	.95	N/A
	Coverage C – Personal Property	.95	.95	.95
\$950	Coverage A – Dwelling	.92	.92	N/A
	Coverage B – Other Structures	.92	.92	N/A
	Coverage C – Personal Property	.92	.92	.92

FARM OR RANCH
Primary Residence

Increase the premium for Coverage A - Dwelling by \$25 when the manufactured home is used as a Farm or Ranch.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

* FIRE AND AUTO COMBINED EVALUATION TOOL (FACET) SCORE
Primary and Secondary Residence

<u>FACET Score</u>	<u>Factor</u>	<u>FACET Score</u>	<u>Factor</u>
<450	1.90	675 – 699	1.00
450 – 474	1.70	700 – 724	1.00
475 – 499	1.50	725 – 749	1.00
500 – 524	1.30	750 – 774	.95
525 – 549	1.25	775 – 799	.95
550 – 574	1.20	800+	.90
575 – 599	1.15	No Score	1.00
600 – 624	1.10	No Hit	1.00
625 – 649	1.05	Foreign Address	1.00
650 – 674	1.00	Existing Policyholders†	1.00

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate factor.

This premium modifier is available only to policies with an original inception on or after the implementation of the filing designated Company File #C-80, and their subsequent renewals.

†Policies with an original inception prior to the implementation of the filing designated Company File #C-80 will maintain a relativity of 1.00.

* IN PARK MANUFACTURED HOME
Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by a factor of .90 when the manufactured home is located in park.

* MULTI-POLICY
Primary and Secondary Residence and Tenant

Apply a factor of .95 when the named insured maintains one or more personal lines or life insurance policies with any insurer in the National Association of Insurance Commissioners Group Code 0212. If the only other policy is a term, whole life, or variable universal life policy, it must have a face amount of \$50,000 or greater, be issued to an adult and be in-force when the policy is written.

This premium modifier applies to the annual rates/premiums for Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

NAMED INSURED 50 YEARS OF AGE OR OLDER
Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate premium modifier when the Named Insured is 50 Years of Age or Older.

<u>Territory</u>	<u>Premium Modifier</u>
A	* .80
B	1.00
C	* .79
D	.84

SECONDARY RESIDENCE
\$500 Deductible

Increase the premium for Coverage A - Dwelling by \$10 when the manufactured home is used as a Secondary Residence.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

30-DAY TRIP COVERAGE

Primary and Secondary Residence

\$75 per policy

ADDITIONAL COVERAGE

Primary Residence

\$5 per policy

ADDITIONAL RESIDENCE - OWNER-OCCUPIED

Primary Residence

\$25 per policy

COVERAGE C - PERSONAL PROPERTY INCREASE IN
SPECIAL AMOUNT OF INSURANCE FOR TOOLS

Primary Residence

\$5 per policy

COVERAGE C - PERSONAL PROPERTY INCREASE IN
SPECIAL AMOUNT OF INSURANCE FOR WATERCRAFT

Primary and Secondary Residence

\$40 per policy

DWELLING REPLACEMENT COST PAYMENT METHOD FOR PARTIAL LOSS
OTHER STRUCTURES REPLACEMENT COST PAYMENT METHOD FOR TOTAL AND PARTIAL LOSS

Primary and Secondary Residence

* \$60 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

EARTHQUAKE

10% Earthquake Deductible (\$1,000 minimum)
Primary and Secondary Residence

<u>Amount of Insurance for Coverage A - Dwelling</u>	<u>Premium Territories A, C and D</u>	<u>Territory B</u>
First \$100	\$10.10	\$10.15
For Each Additional \$100	.10	.15

*

EXCESS DWELLING COVERAGE
(Including Non-Structural Hail Losses)
Primary and Secondary Residence

* \$60 per policy

HOBBY FARM OR RANCH AND ANIMAL LIABILITY
Primary Residence

\$25 per policy

INCIDENTAL BUSINESS LIABILITY
Primary Residence

\$25 per policy

INCREASED WATERCRAFT LIABILITY TO 125 HORSEPOWER
Primary and Secondary Residence

\$50 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

PERSONAL INJURY

Primary Residence

\$20 per policy

REPLACEMENT COST PERSONAL PROPERTY

Primary Residence

<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
\$100	\$20.15	\$.15

SCHEDULED PERSONAL PROPERTY COVERAGE

Primary Residence

Rates per \$100 of Insurance

Jewelry	\$ 1.32
Furs	.40
Cameras	1.80
Golfer's Equipment/Tools	1.32
Stamps	.66
Coins	1.75
Firearms	2.23
Fine Arts/Silverware/Trading Cards	2.50
Musical Instruments	.72

UNRELATED NAMED INSURED

Primary and Secondary Residence

\$25 per policy

WATER DAMAGE FROM SEWERS AND DRAINS

Primary and Secondary Residence

\$75 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY
TENANT INSURANCE

IDENTITY THEFT EXPENSE COVERAGE

\$25 per policy

TENANT INSURANCE

TENANT EARTHQUAKE

10% Earthquake Deductible (\$1,000 minimum)

\$15 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory D

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	* \$273.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	* 13.05
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	* 7.43
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	* 5.63
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	* 4.25

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE B - OTHER STRUCTURES

Primary and Secondary Residence
\$500 Deductible

Out of Park

Named Insured Under 50 Years of Age

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
A	\$ 100	\$ 11.13	\$ 1.13
B	100	* 16.70	* 1.70
C	100	7.85	.85
D	100	7.83	.83

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE C - PERSONAL PROPERTY

Primary and Secondary Residence
\$500 Deductible

Out of Park

Named Insured Under 50 Years of Age

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
A	\$ 100	\$ 89.06	\$ 1.06
B	100	* 123.59	* 1.59
C	100	65.80	.80
D	100	60.70	.70

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS

APPLICATION OF PREMIUM MODIFIERS

The premium modifiers will be applied to Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property premiums, if applicable, in the following order:

- | | |
|---------------------------------------------------------|------------------------------|
| 1. Secondary Residence | 7. Multi Policy |
| 2. Named Insured 50 Years of Age or Older | 8. Deductible |
| 3. In Park Manufactured Home | 9. Farm or Ranch |
| 4. Age of Manufactured Home | 10. Auxiliary Heating Device |
| 5. Channel of Distribution | |
| 6. Fire and Auto Combined Evaluation Tool (FACET) Score | |

*

AGE OF THE MANUFACTURED HOME

Primary and Secondary Residence

Multiply the Coverage A – Dwelling premiums by the appropriate premium modifier.

<u>Age of Manufactured Home</u>	<u>Premium Modifier</u>
Under 3	* .84
3 – 4	.88
5 – 6	.92
7 – 10	.96

AUXILIARY HEATING DEVICE

Primary and Secondary Residence and Tenant

A \$50 charge applies when the manufactured home or other structure is equipped with an auxiliary heating device.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

CHANNEL OF DISTRIBUTION
Primary and Secondary Residence

<u>Channel of Distribution</u>	<u>Premium Modifier</u>
Agent	1.00
Direct	0.92

Multiply Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property by the appropriate premium modifier.

DEDUCTIBLE

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate deductible factor.

<u>Deductible Amount</u>	<u>Coverage</u>	<u>Deductible Factors</u>		
		<u>Primary Residence</u>	<u>Secondary Residence</u>	<u>Tenant</u>
\$100	Coverage A – Dwelling	* 1.10	* 1.10	N/A
	Coverage B – Other Structures	* 1.10	* 1.10	N/A
	Coverage C – Personal Property	* 1.10	* 1.10	* 1.10
\$250	Coverage A – Dwelling	* 1.06	* 1.06	N/A
	Coverage B – Other Structures	* 1.06	* 1.06	N/A
	Coverage C – Personal Property	* 1.06	* 1.06	* 1.06
\$500	Coverage A – Dwelling	Included	Included	N/A
	Coverage B – Other Structures	Included	Included	N/A
	Coverage C – Personal Property	Included	Included	Included
\$750	Coverage A – Dwelling	.95	.95	N/A
	Coverage B – Other Structures	.95	.95	N/A
	Coverage C – Personal Property	.95	.95	.95
\$950	Coverage A – Dwelling	.92	.92	N/A
	Coverage B – Other Structures	.92	.92	N/A
	Coverage C – Personal Property	.92	.92	.92

FARM OR RANCH
Primary Residence

Increase the premium for Coverage A - Dwelling by \$25 when the manufactured home is used as a Farm or Ranch.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

FIRE AND AUTO COMBINED EVALUATION TOOL (FACET) SCORE

Primary and Secondary Residence

<u>FACET Score</u>	<u>Factor</u>	<u>FACET Score</u>	<u>Factor</u>
<450	1.90	675 – 699	1.00
450 – 474	1.70	700 – 724	1.00
475 – 499	1.50	725 – 749	1.00
500 – 524	1.30	750 – 774	.95
525 – 549	1.25	775 – 799	.95
550 – 574	1.20	800+	.90
575 – 599	1.15	No Score	1.00
600 – 624	1.10	No Hit	1.00
625 – 649	1.05	Foreign Address	1.00
650 – 674	1.00	Existing Policyholders†	1.00

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate factor.

This premium modifier is available only to policies with an original inception on or after the implementation of the filing designated Company File #C-80, and their subsequent renewals.

†Policies with an original inception prior to the implementation of the filing designated Company File #C-80 will maintain a relativity of 1.00.

IN PARK MANUFACTURED HOME

Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the appropriate premium modifier when the manufactured home is located in park.

<u>Territory</u>	<u>Premium Modifier</u>
A	* .83
B	* .81
C	.84
D	.90

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

MULTI-POLICY

Primary and Secondary Residence and Tenant

Apply a factor of .95 when the named insured maintains one or more personal lines or life insurance policies with any insurer in the National Association of Insurance Commissioners Group Code 0212. If the only other policy is a term, whole life, or variable universal life policy, it must have a face amount of \$50,000 or greater, be issued to an adult and be in-force when the policy is written.

This premium modifier applies to the annual rates/premiums for Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property.

NAMED INSURED 50 YEARS OF AGE OR OLDER

Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate premium modifier when the Named Insured is 50 Years of Age or Older.

<u>Territory</u>	<u>Premium Modifier</u>
A	* .75
B	1.00
C	.76
D	.84

SECONDARY RESIDENCE

\$500 Deductible

Increase the premium for Coverage A - Dwelling by \$10 when the manufactured home is used as a Secondary Residence.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

30-DAY TRIP COVERAGE
Primary and Secondary Residence

\$75 per policy

ADDITIONAL COVERAGE
Primary Residence

\$5 per policy

ADDITIONAL RESIDENCE - OWNER-OCCUPIED
Primary Residence

\$25 per policy

COVERAGE C - PERSONAL PROPERTY INCREASE IN
SPECIAL AMOUNT OF INSURANCE FOR TOOLS
Primary Residence

\$5 per policy

COVERAGE C - PERSONAL PROPERTY INCREASE IN
SPECIAL AMOUNT OF INSURANCE FOR WATERCRAFT
Primary and Secondary Residence

\$40 per policy

DWELLING REPLACEMENT COST PAYMENT METHOD FOR PARTIAL LOSS
OTHER STRUCTURES REPLACEMENT COST PAYMENT METHOD FOR TOTAL AND PARTIAL LOSS
Primary and Secondary Residence

* \$35 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

EARTHQUAKE

10% Earthquake Deductible (\$1,000 minimum)
Primary and Secondary Residence

<u>Amount of Insurance for Coverage A - Dwelling</u>	<u>Premium Territories A, C and D</u>	<u>Territory B</u>
First \$100	\$10.10	\$10.15
For Each Additional \$100	.10	.15

EXCESS DWELLING COVERAGE
(Including Non-Structural Hail Losses)
Primary and Secondary Residence

* \$40 per policy

HOBBY FARM OR RANCH AND ANIMAL LIABILITY
Primary Residence

\$25 per policy

INCIDENTAL BUSINESS LIABILITY
Primary Residence

\$25 per policy

INCREASED WATERCRAFT LIABILITY TO 125 HORSEPOWER
Primary and Secondary Residence

\$50 per policy

SERFF Tracking Number: FORE-126368110 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
 Company Tracking Number: C-80
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	02/01/2010
Comments:		
Attachment: FORM RF-1 Rate Filing Abstract.pdf		

	Item Status:	Status Date:
Satisfied - Item: Letter and Summary of Revisions	Filed	02/01/2010
Comments:		
Attachments: Arkansas-Ltr-Summary-Rates.pdf Arkansas Page A-1.pdf		

	Item Status:	Status Date:
Satisfied - Item: Sections B and C, and Investment Income	Filed	02/01/2010
Comments:		
Attachments: Arkansas Investment Income.pdf Revised Sections B and C.pdf		

	Item Status:	Status Date:
Satisfied - Item: Arkansas Exhibit A - Disruption Chart	Filed	02/01/2010
Comments:		
Attachment: Exhibit A - Disruption Chart.pdf		

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, State Tracking Number: EFT \$100
Michigan
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

	Item Status:	Status
Satisfied - Item: Response Letter of 1-15-10	Filed	Date: 02/01/2010
Comments:		
Attachment:		
Arkansas Response 1-15.pdf		

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	C-80
----	-------------------------------------------------------	------

2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	n/a
----	---------------------------------------------------------------------------------------------------------------------------------------------	-----

	Company Name		Company NAIC Number
3.	A. Foremost Insurance Company Grand Rapids, Michigan	B.	0212-11185

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A. 4.0000	B.	4.0002

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Manufactured Home	+48.9	+15.8					
TOTAL OVERALL EFFECT		+15.8					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2003	10,712			6,037	1,085	70.0	58
2004	11,321	+3.7	3/1/2004	6,669	3,684	55.2	92
2005	11,549	+1.1	9/1/2005	7,159	3,857	53.9	77
2006	11,512			7,511	4,977	66.3	48
2007	11,317	+1.9	5/2007	7,645	4,108	53.7	53
2008	11,430	+0.4	6/2009	7,932	9,040	114.0	90.2

7.

Expense Constants	Selected Provisions
A. Total Production Expense	18.2
B. General Expense	18.0
C. Taxes, License & Fees	3.8
D. Underwriting Profit & Contingencies	5.0
E. Other (explain)	
F. TOTAL	45.0

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. +24.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. -2.3% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

Foremost® Insurance Company
Grand Rapids, Michigan

ADMINISTRATIVE OFFICES
5600 Beech Tree Lane
Caledonia, Michigan 49316-0050

MAILING ADDRESS
ATTN: STATE FILINGS DEPT.
P.O. Box 2450
Grand Rapids, Michigan 49501-2450

November 11, 2009

Honorable Mike Pickens
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

RE: Foremost Insurance Company Grand Rapids, Michigan
NAIC #212-11185
Manufactured Home Insurance Program
Revision to the Rate Section
Company Tracking Number C-80

Dear Commissioner Pickens:

We submit this filing for your formal stamp of approval or acknowledgment.

The enclosed Summary of Revisions has been developed to assist your review of this filing. This filing results in a rate level adjustment of +23.6%.

The following rule of implementation will apply:

This filing will be effective for all new and renewal policies written to be effective on and after March 1, 2010. No policy effective prior to the above date is to be cancelled and rewritten to take advantage of or to avoid the application of this filing except at the request of the insured.

Your attention to our filing is appreciated.

Very truly yours,

Kaan K. Cidanli
State Filings Administrator
State Filings
Phone No. (616) 956-3645
Fax No. (616) 956-2093
E-mail kaan.cidanli@foremost.com

KKC/cm

Enclosures: \$100 EFT
Form RF-1 Rate Filing Abstract
Section A – Summary of Revisions, 11/09
Section B – Supporting Experience
Section C – Explanatory Material
Arkansas Investment Income
Rate Pages

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION

DEFINITIONS

We propose to begin using insurance scores for all new business.

Definitions have been added for Fire and Auto Combined Evaluation Tool (FACET) Score and Extraordinary Life Event. Please refer to pages R-1 and R-2.

PROPOSED ADJUSTMENT

In Section B – Supporting Experience displays the Summary of Rate Level Changes as follows:

Summary of Rate Level Changes

	(1)	(2)	(3)
<u>COVERAGE</u>	<u>Aggregate Loss Ratio</u>	<u>Indicated Change</u>	<u>Proposed Change</u>
Section I – Your Property Coverages			
Statewide	0.789	43.5%	23.6%
Territory A	0.842	53.1%	29.7%
Territory B	1.482	169.5%	33.1%
Territory C	0.584	6.2%	6.1%
Territory D	0.576	4.7%	3.5%

The proposed change affects Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property.

In Territory A, Coverage A – Dwelling for rating base First \$5,000 the premium displayed was \$292 and the premium that should have been displayed is \$310. Between \$6,000 and \$9,999 displayed \$17.08 and the premium should have displayed \$15.00.

Premium Modifiers

Application of Premium Modifiers

Added the following new modifiers:

Affinity Group
Fire and Auto Combined Evaluation Tool (FACET) Score

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

Premium Modifiers (continued)

Affinity Group

We are proposing to reduce the premium by \$30 when the named insured is a member of an affinity group, namely a non-profit organization of 25 members or more which exists to promote the interest of that group.

The eligible affinity groups include United States Automobile Association members (USAA) and Armed Forces Insurance.

Age of Manufactured Home

We are proposing to adjust the factor for Age of Manufactured Home range Under 3 from .84 to .88.

Fire and Auto Combined Evaluation Tool (FACET) Score

We propose to begin using insurance scores for all new business.

The score is calculated by the Fire and Auto Combined Evaluation Tool (FACET) developed on our behalf by Farmers Group Inc. The score is calculated by FACET from credit information provided by TransUnion. Existing policyholders will receive a factor of 1.00. We are proposing the following premium modifiers (factors):

<u>FACET Score</u>	<u>Factor</u>	<u>FACET Score</u>	<u>Factor</u>
<450	1.90	675 – 699	1.00
450 – 474	1.70	700 – 724	1.00
475 – 499	1.50	725 – 749	1.00
500 – 524	1.30	750 – 774	.95
525 – 549	1.25	775 – 799	.95
550 – 574	1.20	800+	.90
575 – 599	1.15	No Score	1.00
600 – 624	1.10	No Hit	1.00
625 – 649	1.05	Foreign Address	1.00
650 – 674	1.00	Existing Policyholders†	1.00

These factors will apply to Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property. Also, these factors are not the only factors (modifiers) used for rating purposes.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

Premium Modifiers (continued)

Deductible

We propose to change the following factors for \$100 and \$250 deductible factor:

		<u>Primary</u>		<u>Secondary</u>		<u>Tenant</u>	
		<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
\$100	Coverage A – Dwelling	1.10	1.12	1.10	1.12	N/A	N/A
	Coverage B – Other Structures	1.10	1.12	1.10	1.12	N/A	N/A
	Coverage C – Personal Property	1.10	1.12	1.10	1.12	1.10	1.12
		<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
\$250	Coverage A – Dwelling	1.06	1.08	1.06	1.08	N/A	N/A
	Coverage B – Other Structures	1.06	1.08	1.06	1.08	N/A	N/A
	Coverage C – Personal Property	1.06	1.08	1.06	1.08	1.06	1.08

In Park Manufactured Home

The factors as follows:

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the appropriate premium modifier when the manufactured home is located in park.

<u>Territory</u>	<u>Premium Modifier</u>	
	<u>Current</u>	<u>Proposed</u>
A	.82	.90
B	.80	.90
C	.84	.90
D	.90	.90

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

Premium Modifiers (continued)

Multi-Policy

We have amended the lead-in paragraph from:

Apply a factor of .95 when the named insured maintains one or more personal automobile, motor home, homeowners or motorcycle policies with any of the following Insurers.

To:

Apply a factor of .95 when the named insured maintains one or more personal lines or life insurance policies with any insurer in the National Association of Insurance Commissioners Group Code 0212. If the only other policy is a term, whole life, or variable universal life policy, it must have a face amount of \$50,000 or greater, be issued to an adult and be in-force when the policy is written.

As a result of this change, we have removed our list of companies.

The premium modifier factor has not been changed.

Named Insured 50 Years of Age or Older

We have adjusted the factors as follows:

<u>Territory</u>	<u>Premium Modifier</u>	
	<u>Current</u>	<u>Proposed</u>
A	.74	.80
B	1.00	1.00
C	.76	.79
D	.84	.84

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

ENDORSEMENTS

Dwelling Replacement Cost Payment Method for Partial Loss Other Structures Replacement Cost Payment Method for Total and Partial Loss

The current premium is \$35 and we are proposing to increase the premium \$25 to \$60.

Excess Dwelling Coverage

The current premium is \$40 and we are proposing to increase the premium \$20 to \$60.

Excess Dwelling Coverage (Except For Non-Structural Hail Losses)

We are deleting the premium. We are withdrawing the endorsement.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

REPLACEMENT OF MANUAL PAGES

Please withdraw:

Rate Pages R-1 thru R-18 – Revised Printing 8/08
Rate Pages R-19 thru R-22 – Original Printing 8/08

Please insert:

Rate Pages R-1 thru R-22 – Revised Printing 11/09

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION

DEFINITIONS

We propose to begin using insurance scores for all new business.

Definitions have been added for Fire and Auto Combined Evaluation Tool (FACET) Score and Extraordinary Life Event. Please refer to pages R-1 and R-2.

PROPOSED ADJUSTMENT

In Section B – Supporting Experience displays the Summary of Rate Level Changes as follows:

Summary of Rate Level Changes

	(1)	(2)	(3)
<u>COVERAGE</u>	<u>Aggregate Loss Ratio</u>	<u>Indicated Change</u>	<u>Proposed Change</u>
Section I – Your Property Coverages			
Statewide	0.789	* 48.9%	* 15.8%
Territory A	0.842	* 56.7%	* 19.1%
Territory B	1.482	* 183.8%	* 14.4%
Territory C	0.584	* -3.6%	* 0.0%
Territory D	0.576	* 40.9%	* 12.0%

The proposed change affects Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property.

In Territory A, Coverage A – Dwelling for rating base First \$5,000 the premium displayed was \$292 and the premium that should have been displayed is \$310. Between \$6,000 and \$9,999 the premium displayed was \$17.08 and the premium that should have been displayed is \$15.00.

Premium Modifiers

Application of Premium Modifiers

Added the following new modifiers:

Affinity Group
Fire and Auto Combined Evaluation Tool (FACET) Score

2008

FOREMOST INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

A. Unearned Premium Reserve			
1.	Direct earned premium for calendar year ended December 31, 2008.		343,212,352
2.	Mean unearned premium reserve		180,695,455
3.	Percentage total of prepaid expense		
a.	Production Cost Allowance	18.2%	
b.	Taxes, licenses and fees	3.8%	
c.	50% of expenses (see p.5, b)	9.0%	
d.	Total	31.0%	
4.	Deduction for Federal Income Taxes Payable		7.0%
5.	Dollar total of prepaid expense (Line A.2 x (Line A.3.d. + Line A.4))		68,664,273
6.	Subject to investment (Line A.2 - Line A.5)		112,031,182
B. Delayed Remission Of Premiums			
1.	Direct Earned Premium		343,212,352
2.	Average Agents' Balances		0.240
3.	Delayed Remission (Line B.1 x Line B.2)		82,370,964
C. Loss Reserve			
1.	Direct earned premium		343,212,352
2.	Expected Incurred Loss & ALAE	0.55 x Line C.1	188,766,794
3.	Expected Mean Loss Reserves	0.143 x Line C.2	27,045,821
D.	Net Subject to Investment (Line A.6 - Line B.3 + Line C.3)		56,706,039
E.	2008 After Tax Rate of Return		0.033
F.	Investment Earnings on Net Subject to Investment (Line D x Line E)		1,877,724
G.	Average Rate of Return as a Percent of Earned Premium After Federal Income Taxes (Line F / Line A.1)		0.0055
H.	Investment Income Factor (1+ Line G)		1.0055

2008

FOREMOST INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Line A-1

Earned premiums are 2008 data for Countrywide Manufactured Home Insurance for Foremost Insurance Company.

Line A-2

The estimated mean unearned premium reserve for 1 year of business is determined by adding together the estimated unearned premium reserves for December 31, 2007, and December 31, 2008, and dividing by 2.

1. Estimated Unearned Premium Reserve for 1 year business as of 12/31/07	\$ 178,860,050
2. Estimated Unearned Premium Reserve for 1 year business as of 12/31/08	\$ 182,530,860
3. Mean Unearned Premium Reserve (.5 x [Line 1+Line 2])	\$ 180,695,455

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Manufactured Home insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown (See page 5).

Line A-4

The Tax Reform Act of 1996 taxes 20% of the unearned premium reserve. At a corporate tax of 35%, this tax equals 7.0% ($.20 \times .35 = .070$) of the unearned premium reserve.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the company, which amounts to approximately 60 to 75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserves required during the initial days of all policies must be taken from the company's surplus.

2008

FOREMOST INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Line B-2 (cont)

Based on Countrywide data for Foremost Insurance Company, agents' premiums due less than 90 days amount to 23.8% of direct earned premiums. Agents' balances for premiums due over 90 days amount to 0.2%. The total % of agents' balances in the course of collection amounts to 24.0% based on the following:

1. Direct Earned Premium for Calendar Year 2008	\$ 962,695,205
2. Agents' Balances at 12/31/07 (under 90 days)	\$ 223,299,000
3. Agents' Balances at 12/31/08 (under 90 days)	\$ 235,409,000
4. Mean Agents' Balances under 90 days (Line 2 + Line 3) / 2	\$ 229,354,000
5. Line 4 / Line 1	0.238
6. Agents' Balances at 12/31/07 (over 90 days)	\$ 644,605
7. Agents' Balances at 12/31/08 (over 90 days)	\$ 2,927,357
8. Mean Agents' Balances over 90 days (Line 6 + Line 7) / 2	\$ 1,785,981
9. Line 8 / Line 1	0.002
10. Line 5 + Line 9	0.240

Line C-2

The expected loss and allocated loss adjustment expense ratio is the balance point loss ratio used in the current rate filing (See page 5).

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2008 for Countrywide Manufactured Home insurance for Foremost Insurance Company, and includes an adjustment for the estimated Federal Income Taxes payable due to discounting of loss reserves.

1. Incurred Losses* for Calendar Year 2008	\$ 222,785,228
2. Loss Reserves* as of 12/31/07	\$ 32,445,935
3. Loss Reserves* as of 12/31/08	\$ 32,617,416
4. Mean Loss Reserve* (.5 x [Line 2 + Line 3])	\$ 32,531,676
5. Line 4 / Line 1	0.146
6. Estimated Reserve Discount	5.33%
7. Federal Income Taxes Payable (% of Reserves) (.35 * Line 6)	0.019
8. Line 5 x [1.0 - Line 7]	0.143

*Including allocated loss adjustment

2008

FOREMOST INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Line E

The after-tax rate of return is based on a profile of the company's investment portfolio as follows:

<u>Category</u>	2008 Investment Income <u>Earned</u>	Tax <u>Rate</u>	After- Tax <u>Portion</u>	2008 After-Tax Investment <u>Income</u>
Taxable*	\$50,235,196	0.350	0.650	\$32,652,877
Non-Taxable	9,166,184	0.053	0.947	\$8,680,376
Stocks*	117,028	0.141	0.859	\$100,527
Bond Discount Amortization	<u>630,400</u>	0.350	0.650	<u>\$409,760</u>
Total	60,148,808			\$41,843,541
Expenses	<u>419,106</u>	0.350	0.650	<u>\$272,419</u>
Net Investment Income Earned	60,567,914	0.305	0.695	\$42,115,960

Invested Assets as of 12/31/07**	1,310,001,274
Invested Assets as of 12/31/08**	1,233,748,209
Average Invested Assets**	\$1,271,874,742

After-Tax Rate of Return

$$\$42,115,960 \quad / \quad \$1,271,874,742 \quad = \quad 0.0331 \quad = \quad 3.31\%$$

*Net of internal company transactions.

**Net of affiliates.

2008

FOREMOST INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

BALANCE POINT (OR EXPECTED) LOSS RATIO

A. Production Cost Allowance	18.2%
B. General and Other Acquisitions	18.0%
C. Taxes, Licenses, and Fees	3.8%
D. Underwriting Profit and Contingencies	5.0%
Total	45.0%
Expected Loss and ALAE Ratio (ELR)	55.0%
Total	100.0%

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – Supporting Experience

Summary of Rate Level Changes:

Set forth on page B-2 is a summary of the indicated and proposed changes developed on subsequent pages.

Section I - Your Property Coverage's Indicated Rate Level Based on Standard Ratemaking Procedure:

Using standard ratemaking procedures, the needed rate level adjustment for the state and territories are developed on pages B-3 – B-7.

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – Supporting Experience

Summary of Rate Level Changes

	(1)	(2)	(3)
<u>COVERAGE</u>	<u>Aggregate Loss Ratio</u>	<u>Indicated Change</u>	<u>Proposed Change</u>
Section I - Your Property Coverages			
Statewide	0.819	48.9%	15.8%
Territory A	0.862	56.7%	19.1%
Territory B	1.561	183.8%	14.4%
Territory C	0.530	-3.6%	0.0%
Territory D	0.775	40.9%	12.0%

(1) See Page B-3-7, item (7).

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – Supporting Experience

Statewide

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2005	\$7,410,364	\$3,885,676	1.11
2006	\$7,541,672	\$4,999,114	1.07
2007	\$7,712,632	\$4,371,298	1.06
2008	\$7,979,844	\$7,640,635	1.02
2009	\$6,076,782	\$5,831,811	1.00

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.077	(6) Trended Loss Ratios (9)/(3)
2005	\$4,313,100	\$4,645,209	0.627
2006	\$5,349,052	\$5,760,929	0.764
2007	\$4,633,576	\$4,990,361	0.647
2008	\$7,793,448	\$8,393,543	1.052
2009	\$5,831,811	\$6,280,860	1.034

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) = 0.819

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B – Supporting Experience

Territory A

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2005	\$5,627,127	\$3,162,388	1.11
2006	\$5,682,767	\$3,880,457	1.07
2007	\$5,765,812	\$3,291,105	1.06
2008	\$5,987,715	\$6,533,893	1.02
2009	\$4,540,004	\$4,282,393	1.00

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.077	(6) Trended Loss Ratios (9)/(3)
2005	\$3,510,250	\$3,780,539	0.672
2006	\$4,152,089	\$4,471,800	0.787
2007	\$3,488,571	\$3,757,191	0.652
2008	\$6,664,571	\$7,177,743	1.199
2009	\$4,282,393	\$4,612,137	1.016

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) =

0.862

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B – Supporting Experience

Territory B

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2005	\$84,447	\$23,620	1.11
2006	\$88,120	\$185,667	1.07
2007	\$100,375	\$216,725	1.06
2008	\$88,582	\$52,458	1.02
2009	\$70,778	\$118,567	1.00

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.077	(6) Trended Loss Ratios (9)/(3)
2005	\$26,218	\$28,237	0.334
2006	\$198,664	\$213,961	2.428
2007	\$229,729	\$247,418	2.465
2008	\$53,507	\$57,627	0.651
2009	\$118,567	\$127,697	1.804

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) =

1.561

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B – Supporting Experience

Territory C

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2005	\$988,975	\$457,851	1.11
2006	\$969,160	\$295,244	1.07
2007	\$965,717	\$400,279	1.06
2008	\$974,628	\$719,783	1.02
2009	\$738,405	\$301,218	1.00

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.077	(6) Trended Loss Ratios (9)/(3)
2005	\$508,215	\$547,348	0.553
2006	\$315,911	\$340,236	0.351
2007	\$424,296	\$456,967	0.473
2008	\$734,179	\$790,711	0.811
2009	\$301,218	\$324,412	0.439

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) =

0.530

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – Supporting Experience

Territory D

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2005	\$709,815	\$241,817	1.11
2006	\$801,625	\$637,746	1.07
2007	\$880,728	\$463,188	1.06
2008	\$928,919	\$334,502	1.02
2009	\$727,595	\$1,129,633	1.00

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.077	(6) Trended Loss Ratios (9)/(3)
2005	\$268,417	\$289,085	0.407
2006	\$682,388	\$734,932	0.917
2007	\$490,979	\$528,784	0.600
2008	\$341,192	\$367,464	0.396
2009	\$1,129,633	\$1,216,615	1.672

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) =

0.775

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section C - Explanatory Material

Summary Contents

This section entails explanatory and supplementary material for the supporting material contained in Section B.

	<u>Pages</u>
Explanatory Memorandum	C-2-3
Cost Index (Trend) Supplement	C-4-7
Non-Hurricane Catastrophe Supplement	C-8-11

FOREMOST INSURANCE COMPANY
ARKANSAS

Manufactured Home Insurance Program
Section C - Explanatory Material

Explanatory Memorandum

Calculation of Indicated Rate Adjustment

The following is a detailed explanation of the calculation of the indicated adjustments developed in Section B, pages B-3 through B-7. The purpose of this calculation is to test whether the present premiums are sufficient to pay losses and allow for a reasonable profit.

EXPERIENCE PERIOD

The underlying experience is that of Foremost Insurance Company in the State of Arkansas. Experience for the five year review period is on a calendar/accident year losses incurred and calendar/accident year earned premium basis.

EARNED PREMIUM

Before reported experience can be utilized to evaluate premium level adequacy, it must be adjusted to reflect current conditions. The earned premium is adjusted (Column 1) to what it would be if present rate levels had been charged during the experience period.

INCURRED LOSSES

Losses should reflect as nearly as possible the current dollar requirements needed to meet today's costs. On pages B-3-7, the factors in column 5 bring losses to a Current Cost Level (Column 3). A trend factor then projects these losses to an anticipated level twelve months beyond the anticipated effective date of the filing (Column 5).

LOSS RATIO

With premiums at current premium levels (Column 1) and losses projected as previously noted, an aggregate loss ratio over the 5 year experience period is calculated (sum of Column 5 divided by the sum of Column 1).

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section C - Explanatory Material

Explanatory Memorandum (Continued)

BALANCE POINT OR EXPECTED LOSS RATIO

The balance point loss ratio is the complement of the provision in the rates for expenses, investment income, and an underwriting profit and contingency factor. This underwriting profit follows if losses and expenses do not exceed those anticipated. These provisions as a percentage of premium are set forth below:

General and Other Acquisition	18.0%
Production Cost Allowance	18.2%
Taxes, Licenses and Fees	3.8%
Underwriting Profit & Contingencies	<u>5.0%</u>
Total	45.0%
Expected Loss and ALAE Ratio (ELR)	55.0%

FOREMOST INSURANCE COMPANY
ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Cost Index (Trend) Supplement

A rate level formula is intended to produce indications of needed movement to the overall rate levels in keeping with standards as set forth in the rate regulatory laws. Such standards require that due consideration be given to past and prospective loss and expense experience, to catastrophe and other contingencies, and a reasonable allowance for underwriting profit. The prospective premium level established is intended to reflect all these factors during the period of application to the end that this premium level is adequate and reasonable.

In reviewing experience attention is given to adjustment of premiums to current premium levels. Need for a similar adjustment on the loss side is evident. In the study resulting in the recommendation of this adjustment in Mobile Homeowners ratemaking, Foremost management sought a simplified method that would be suitable for translating prior year's losses into current and future dollars requirements. After investigation of the many indices available from either governmental or other statistical reporting agencies, it was concluded that a reasonable and logical adjustment could be attained if the Producer Price Index were applied to the Section I - Your Property Coverages.

The Producer Price Index measures the average change over time in the selling prices received by domestic producers for manufactured homes; mobile homes, and manufacturing. The Producer Price Index is produced monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

An explanation of the implementation of the Current Cost and Trending Procedures employed in this filing follows.

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Descriptions of Index Development

PART A

This is the quarterly average of the Producer Price Index (PPI) for the latest twelve quarters available.

PART B

This shows the development of the Current Cost Factors. These are based on the Average Annual PPI data for the years under review. These annual cost indices are related to the latest quarterly average PPI to develop the Current Cost Factors shown in Column 3 of Pages B-3 through B-7.

PART C

The Trend Factor is developed through the use of the Least Squares Method to determine the Line of Best Fit. The slope (or average quarterly increment) and the midpoint of the segment of the line of best fit defining the latest quarter of information are then used to determine a factor to project the line into the future twelve months beyond the revision date. The factor thus determined is the Trend Factor used in Column 5 on Pages B-3 through B-7.

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Quarter Ending September, 2009

PART A: Establishment of quarterly averages for the "Mobile Home" ("MH PPI") component of the Producer Price Index compiled monthly by the U.S. Department of Labor, Bureau of Labor Statistics. (Base: June, 1981 = 100)

Month	2006		2007		2008	
	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.
10	215.6		215.0		229.0	
11	215.0		215.0		228.6	
12	213.5	214.7	216.1	215.4	227.5	228.4

Month	2007		2008		2009	
	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.
1	213.4		216.4		227.1	
2	213.9		216.9		226.1	
3	213.9	213.7	217.3	216.9	226.1	226.4
4	214.1		217.9		226.1	
5	214.6		219.4		225.3	
6	214.9	214.5	222.4	219.9	225.9	225.8
7	215.6		223.9		225.9	
8	215.1		225.4		225.9	
9	215.1	215.3	226.6	225.3	228.0	226.6

PART B: Use of average annual MH PPI values to calculate current cost factors (CCF).

Current Cost Factors Based on Average MH PPI Values For the Quarter Ending September 30, 2009

Year	3rd Qtr	Annual Avg		CCF
1997	226.6	÷	157.8	= 1.44
1998	226.6	÷	159.9	= 1.42
1999	226.6	÷	164.2	= 1.38
2000	226.6	÷	167.1	= 1.36
2001	226.6	÷	170.0	= 1.33
2002	226.6	÷	172.6	= 1.31
2003	226.6	÷	175.8	= 1.29
2004	226.6	÷	190.0	= 1.19
2005	226.6	÷	204.4	= 1.11
2006	226.6	÷	212.4	= 1.07
2007	226.6	÷	214.7	= 1.06
2008	226.6	÷	222.6	= 1.02
2009	226.6	÷	226.3	= 1.00

**FOREMOST INSURANCE COMPANY
ARKANSAS**

**Manufactured Home Insurance Program
Section C - Explanatory Material**

Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Year Ending 2008

PART C: Computation of trended MH PPI cost factors (TCF)

Calendar Year Ending	MH PPI	
	Average MH PPI	Fitted Values
2000	167.1	161.9
2001	170.0	169.4
2002	172.6	176.9
2003	175.8	184.4
2004	190.0	191.9
2005	204.4	199.4
2006	212.4	206.8
2007	214.7	214.3
2008	222.6	221.8
2009	226.3	229.3

With linear fitting, line takes the form $Y=MX+B$

M = Average yearly increment	7.49
X = Number of years	10
B = Y intercept	154.41

- (1) Fitted PPI trend at midpoint of 2009
(M x #yrs) + B = 229.31
- (2) Average Annual rate of change $\{ [(1) \div (B) - 1] \div (\# \text{ years}) \} + 1$ **1.049**
- (3) Midpoint of latest MH PPI Quarter 08/15/2009
- (4) Effective Date of Proposed Change 03/01/2010
- (5) Twelve months past proposed Effective Date 03/01/2011
- (6) Number of years to trend forward 1.542
Years elapsed from (3) to (5).
- (7) Trended Cost Factor 1.077
(To 03/01/2011)

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section C - Explanatory Material

Non-Hurricane Catastrophe Supplement

The need for recognition of "catastrophe losses" is evident in the ratemaking process. Special Consideration of such losses maintains the stability of premium levels. The procedure for defining and dealing with catastrophe losses is as follows:

A catastrophe loss is declared when losses from a Property Claims Service (ISO) serial numbered catastrophe exceed 5% of the earned premium for that calendar year in which it occurred. Any loss less than or equal to 5% shall be included in and treated as a non-catastrophic loss. When losses from a single event exceed 5%, that portion in excess of 5% will be distributed over the experience period on the basis of premiums earned in each year. The spreading of a excess portion recognizes that losses of a catastrophic magnitude may occur in any year of the experience period, but are not expected to occur every year.

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Development of Non-Hurricane
Catastrophe Allocation
(Page 1)

Year	Date	(1) Incurred Loss	(2) Earned Premium	(3) Normal Loss Limit (.05) X (2)	(4)* Retained Portion	(5)** Loss Amount to be Allocated	(6)*** Loss Amount to be Disregarded
2000	n/a	490,638	4,945,829	247,291	247,291	243,347	0
	n/a	824,319	4,945,829	247,291	247,291	577,028	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2001	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2002	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2003	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2004	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2005	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2006	n/a	466,624	7,541,672	377,084	377,084	89,540	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2007	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2008	n/a	599,316	7,979,844	398,992	398,992	200,324	0
	n/a	973,538	7,979,844	398,992	398,992	574,546	0
	n/a	633,423	7,979,844	398,992	398,992	234,431	0
	n/a	449,812	7,979,844	398,992	398,992	50,820	0
	n/a	0	0	0	0	0	0
2009	n/a	1,914,426	6,076,782	303,839	303,839	1,215,357	395,231
	n/a	363,190	6,076,782	303,839	303,839	59,351	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0

* The Retained Portion is the lesser of (1) and (3)

** Amount to be Allocated is the lesser of .25 X (2) - (3) or (1) - (3)

*** Loss Amount Disregarded is (1) - (4) - (5)

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section C - Explanatory Material

Development of Non- Hurricane
Catastrophe Allocation
(Page 2)

	(1)	(2)	(3)	(4)
Year	Weight*	Amount Allocated (1) X A**	Amount Retained (4) Page 1	Total Allocation Incurred (2) + (3)
2000	0.078	251,857	494,582	746,439
2001	0.076	247,766	0	247,766
2002	0.080	260,725	0	260,725
2003	0.090	291,209	0	291,209
2004	0.100	323,223	0	323,223
2005	0.118	377,359	0	377,359
2006	0.118	384,046	377,084	761,130
2007	0.121	392,751	0	392,751
2008	0.125	406,359	1,595,968	2,002,327
2009	0.095	309,449	607,678	917,127

* Based on aggregate earned premium for experience period.

** A = Total column (5) Page 1 = \$

\$3,244,744

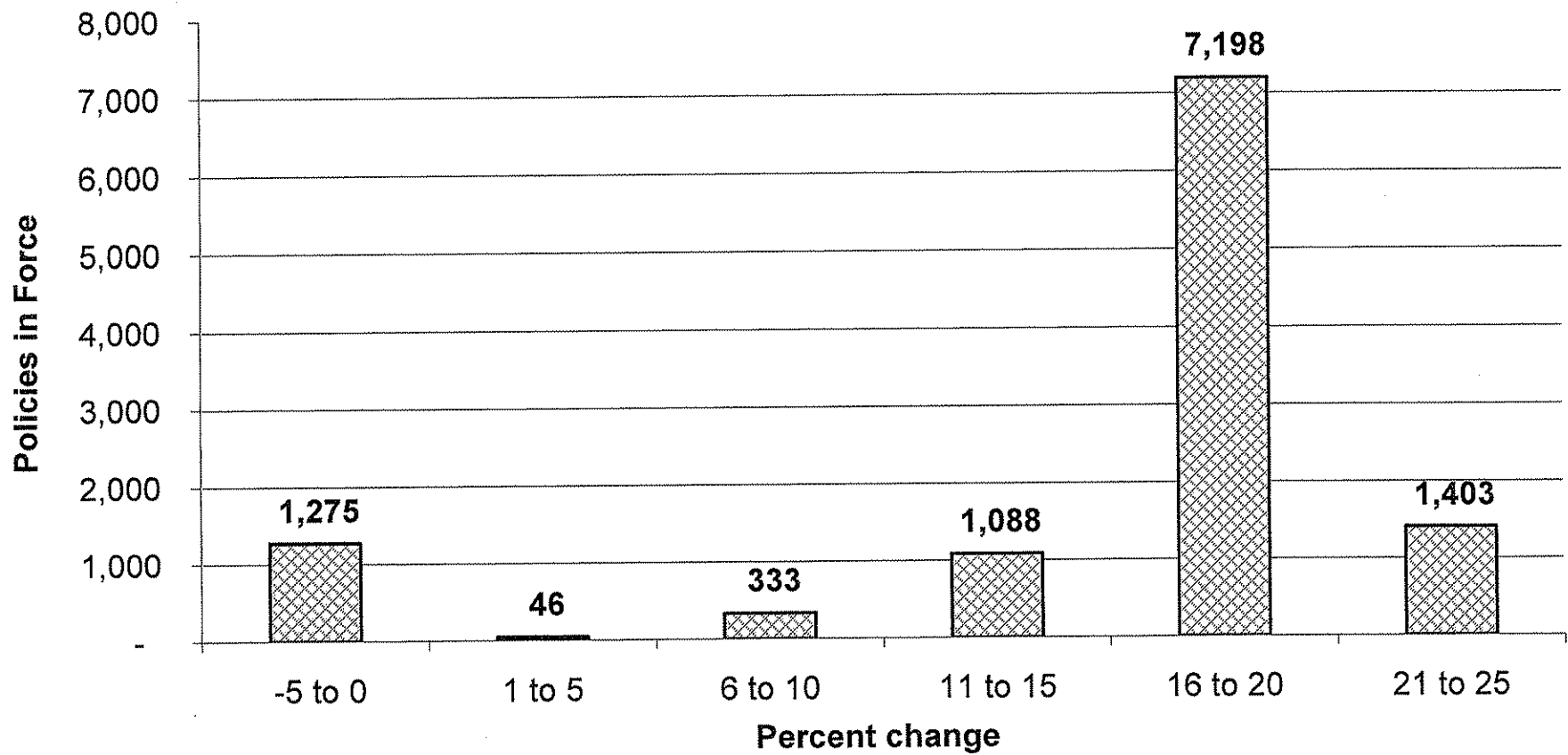
FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section C - Explanatory Material

Development of Non-Hurricane
Catastrophe Allocation
(Page 3)

	(1)	(2)	(3)	(4)	(5)
Year	Actual Incurred	Catastrophe Incurred (Page 1)	Incurred Less Catastrophe (1) - (2)	Catastrophe Allocation (4) Page 2	Total Incurred (3) + (4)
2005	3,508,317	0	3,508,317	377,359	3,885,676
2006	4,704,608	466,624	4,237,984	761,130	4,999,114
2007	3,978,547	0	3,978,547	392,751	4,371,298
2008	8,294,397	2,656,089	5,638,308	2,002,327	7,640,635
2009	7,192,300	2,277,616	4,914,684	917,127	5,831,811

Exhibit A - Disruption Chart

Arkansas



Foremost® Insurance Company
Grand Rapids, Michigan

Objection 1

Department has requested that our November 11, 2009 filing (Company Tracking Number C-80) be amended so that no one insured receives an increase greater than 25%.

In order to respond to the Department's request we have amended our filing as follows:

Rate Level Change

- The rate level adjustment of +23.6% has been changed to +15.8%. Please see Disruption Chart - Exhibit A.

Rule of Implementation

All new and renewal written to be effective on and after of March 1, 2010 is changed to May 1, 2010.

Company Rate Information

	<u>Was</u>	<u>To</u>
Overall Rate Impact	+23.6%	+15.8%
Written Premium Change for this program	1,916,779	1,285,871

	<u>Was</u>	<u>To</u>
Maximum % Change	54.9%	24.9%
Minimum Change	-2.4%	-2.3%

NAIC Loss Cost Data Entry Document

Change 5. (C)	+23.6% to +15.8%
9.	+54.9% to +24.9%
10.	-2.4% to -2.3%

Have amended this document.

Rate Section page A-1 and Section B – Supporting Experience (3) is changed:

	<u>Proposed Change %</u>	<u>New Proposed Change %</u>
Statewide	23.6%	15.8%
Territory A	29.7%	19.1%
Territory B	33.1%	14.4%
Territory C	6.1%	0.0%
Territory D	3.5%	12.0%

We have amended page A-1 and replaced Section B – Supporting Experience and Section C – Explanatory Material in its entirety.

Foremost® Insurance Company
Grand Rapids, Michigan

PREMIUM MODIFIERS

Age of Manufactured Home

<u>Age of Manufactured Home</u>	<u>Proposed</u>	<u>To</u>
Under 3	.88	.84

Changed back to present factor of .84

Deductible

The proposed changes displayed on A-3 of Rate Section will not be changed to current factors.

In Park Manufactured Home

The following amendments:

<u>Territory</u>	<u>Current</u>	Premium Modifier Proposed	<u>Changed To</u>
		<u>Requested</u>	
A	.82	.90	.83
B	.80	.90	.81
C	.84	.90	.84
D	.90	.90	.90

Named Insured 50 Years of Age or Older

The following amendments:

<u>Territory</u>	<u>Current</u>	Premium Modifier Proposed	<u>Changed To</u>
		<u>Requested</u>	
A	.74	.80	.75
B	1.00	1.00	1.00
C	.76	.79	.76
D	.84	.84	.84

ENDORSEMENTS

Dwelling Replacement Cost Payment Method for Partial Loss Other Structures Replacement Cost Payment Method for Total and Partial Loss

We proposed to change the premium of \$35 to \$60.
We have changed the premium back to \$35.

Excess Dwelling Coverage

We originally proposed to change the premium of \$40 to \$60. We have changed the premium back to \$40.

Foremost® Insurance Company
Grand Rapids, Michigan

COVERAGE A – DWELLING – Page R-10

<u>Rating Base</u>	<u>Territory D Premium</u>	
	<u>Proposed</u>	<u>Changed To</u>
First \$5,999	\$247.00	\$273.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	12.50	13.05
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	3.30	7.43
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	3.20	5.63
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	3.10	4.25

COVERAGE B – OTHER STRUCTURES – Page R-11

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>		<u>For Each Additional \$100</u>	
		<u>Proposed</u>	<u>Changed To</u>	<u>Proposed</u>	<u>Changed To</u>
B	100	\$ 22.26	\$ 16.70	\$ 2.26	\$ 1.70

COVERAGE C – PERSONAL PROPERTY – Page R-12

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>		<u>For Each Additional \$100</u>	
		<u>Proposed</u>	<u>Changed To</u>	<u>Proposed</u>	<u>Changed To</u>
B	100	\$ 178.12	\$ 123.59	\$ 2.12	\$ 1.59

Foremost® Insurance Company
Grand Rapids, Michigan

Amendments to our filing:

Revised NAIC Loss Cost Data Entry Document

Added Exhibit A – Disruption Chart

Revised A-1 RATE SECTION 1/10

Revised Section B – Supporting Experience and Section C – Explanatory Material, 1/10
Manual Pages –

R-10, R-11, R-12, R-15, R-16, R-17, R-18, R-19 and R-20 – Revised Printing 1/10

R-17 and R-18 – By change In Park

Manufactured Home we did move Multi-Policy to Page R-18

SERFF Tracking Number: FORE-126368110 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-80
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
11/02/2009	Supporting	NAIC loss cost data entry document	01/15/2010	FORM RF-1 Rate Filing Abstract.pdf (Superseded)
11/11/2009	Supporting	Letter and Summary of Revisions Document	01/15/2010	Arkansas-Ltr-Summary-Rates.pdf
11/11/2009	Supporting	Sections B and C, and Investment Income Document	01/15/2010	Section B-Supporting Experience.pdf (Superseded) Section C-Explanatory Material.pdf (Superseded) Arkansas Investment Income.pdf
11/30/2009	Supporting	Arkansas Disruption Chart Document	01/15/2010	Arkansas Disruption Chart.pdf (Superseded)

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	C-80
----	-------------------------------------------------------	------

2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	n/a
----	---------------------------------------------------------------------------------------------------------------------------------------------	-----

	Company Name		Company NAIC Number
3.	A. Foremost Insurance Company Grand Rapids, Michigan	B.	0212-11185

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A. 4.0000	B.	4.0002

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Manufactured Home	+43.5	+23.6					
TOTAL OVERALL EFFECT		+23.6					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2003	10,712			6,037	1,085	70.0	58
2004	11,321	+3.7	3/1/2004	6,669	3,684	55.2	92
2005	11,549	+1.1	9/1/2005	7,159	3,857	53.9	77
2006	11,512			7,511	4,977	66.3	48
2007	11,317	+1.9	5/2007	7,645	4,108	53.7	53
2008	11,430	+0.4	6/2009	7,932	9,040	114.0	90.2

7.

Expense Constants	Selected Provisions
A. Total Production Expense	18.2
B. General Expense	18.0
C. Taxes, License & Fees	3.8
D. Underwriting Profit & Contingencies	5.0
E. Other (explain)	
F. TOTAL	45.0

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. +54.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. -2.4% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B – SUPPORTING EXPERIENCE

Summary of Rate Level Changes:

Set forth on page B-2 is a summary of the indicated and proposed changes developed on subsequent pages.

Section I - Your Property Coverage's Indicated Rate Level Based on Standard Ratemaking Procedure:

Using standard ratemaking procedures, the needed rate level adjustment for the state and territories are developed on pages B-3 – B-7.

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – SUPPORTING EXPERIENCE

Summary of Rate Level Changes

	(1)	(2)	(3)
<u>COVERAGE</u>	<u>Aggregate Loss Ratio</u>	<u>Indicated Change</u>	<u>Proposed Change</u>
Section I - Your Property Coverages			
Statewide	0.789	43.5%	23.6%
Territory A	0.842	53.1%	29.7%
Territory B	1.482	169.5%	33.1%
Territory C	0.584	6.2%	6.1%
Territory D	0.576	4.7%	3.5%

(1) See Page B-3-7, item (7).

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – SUPPORTING EXPERIENCE

Statewide

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2004	\$6,964,053	\$3,683,019	1.21
2005	\$7,335,017	\$3,816,577	1.12
2006	\$7,467,986	\$4,925,231	1.08
2007	\$7,630,864	\$4,299,241	1.07
2008	\$7,900,919	\$7,550,535	1.03

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.113	(6) Trended Loss Ratios (9)/(3)
2004	\$4,456,453	\$4,960,032	0.712
2005	\$4,274,566	\$4,757,592	0.649
2006	\$5,319,249	\$5,920,324	0.793
2007	\$4,600,188	\$5,120,009	0.671
2008	\$7,777,051	\$8,655,858	1.096

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) = 0.789

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – SUPPORTING EXPERIENCE

Territory A

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2004	\$5,315,573	\$2,962,163	1.21
2005	\$5,574,830	\$3,106,151	1.12
2006	\$5,633,208	\$3,823,107	1.08
2007	\$5,709,560	\$3,236,854	1.07
2008	\$5,934,359	\$6,456,844	1.03

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.113	(6) Trended Loss Ratios (9)/(3)
2004	\$3,584,218	\$3,989,235	0.750
2005	\$3,478,889	\$3,872,003	0.695
2006	\$4,128,956	\$4,595,528	0.816
2007	\$3,463,434	\$3,854,802	0.675
2008	\$6,650,549	\$7,402,061	1.247

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) = 0.842

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – SUPPORTING EXPERIENCE

Territory B

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2004	\$84,635	\$68,174	1.21
2005	\$83,309	\$23,200	1.12
2006	\$86,923	\$182,923	1.08
2007	\$99,007	\$213,153	1.07
2008	\$87,360	\$51,839	1.03

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.113	(6) Trended Loss Ratios (9)/(3)
2004	\$82,491	\$91,812	1.085
2005	\$25,984	\$28,920	0.347
2006	\$197,557	\$219,881	2.530
2007	\$228,074	\$253,846	2.564
2008	\$53,394	\$59,428	0.680

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) = 1.482

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY
ARKANSAS
Manufactured Home Insurance Program
Section B – SUPPORTING EXPERIENCE

Territory C

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2004	\$978,640	\$465,635	1.21
2005	\$976,546	\$449,709	1.12
2006	\$957,115	\$290,881	1.08
2007	\$953,587	\$393,681	1.07
2008	\$963,094	\$711,295	1.03

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.113	(6) Trended Loss Ratios (9)/(3)
2004	\$563,418	\$627,084	0.641
2005	\$503,674	\$560,589	0.574
2006	\$314,151	\$349,650	0.365
2007	\$421,239	\$468,839	0.492
2008	\$732,634	\$815,422	0.847

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) = 0.584

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

FOREMOST INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B – SUPPORTING EXPERIENCE

Territory D

Development of Indicated Rate Level

Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor (a)
2004	\$585,205	\$187,047	1.21
2005	\$700,332	\$237,517	1.12
2006	\$790,740	\$628,320	1.08
2007	\$868,710	\$455,553	1.07
2008	\$916,106	\$330,557	1.03

Year	(4) Incurred Losses At Current Cost Levels (4) X (5)	(5) Trended Incurred Losses (b) (6) X 1.113	(6) Trended Loss Ratios (9)/(3)
2004	\$226,327	\$251,902	0.430
2005	\$266,019	\$296,079	0.423
2006	\$678,586	\$755,266	0.955
2007	\$487,442	\$542,523	0.625
2008	\$340,474	\$378,948	0.414

(7) Aggregate Loss Ratio (Sum (5) / Sum (1)) = 0.576

(a) Factors to adjust historical losses to current cost level.

- See page C-7.

(b) Factor to adjust losses from current cost level to 3/1/11.

- See page C-8.

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Summary Contents

This section entails explanatory and supplementary material for the supporting material contained in Section B.

	<u>Pages</u>
Explanatory Memorandum	C-2-3
Cost Index (Trend) Supplement	C-4-7
Non-Hurricane Catastrophe Supplement	C-8-11

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Explanatory Memorandum

Calculation of Indicated Rate Adjustment

The following is a detailed explanation of the calculation of the indicated adjustments developed in Section B, pages B-3 through B-7. The purpose of this calculation is to test whether the present premiums are sufficient to pay losses and allow for a reasonable profit.

EXPERIENCE PERIOD

The underlying experience is that of Foremost Insurance Company in the State of Arkansas. Experience for the five year review period is on a calendar/accident year losses incurred and calendar/accident year earned premium basis.

EARNED PREMIUM

Before reported experience can be utilized to evaluate premium level adequacy, it must be adjusted to reflect current conditions. The earned premium is adjusted (Column 1) to what it would be if present rate levels had been charged during the experience period.

INCURRED LOSSES

Losses should reflect as nearly as possible the current dollar requirements needed to meet today's costs. On pages B-3-7, the factors in column 5 bring losses to a Current Cost Level (Column 3). A trend factor then projects these losses to an anticipated level twelve months beyond the anticipated effective date of the filing (Column 5).

LOSS RATIO

With premiums at current premium levels (Column 1) and losses projected as previously noted, an aggregate loss ratio over the 5 year experience period is calculated (sum of Column 5 divided by the sum of Column 1).

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Explanatory Memorandum (Continued)

BALANCE POINT OR EXPECTED LOSS RATIO

The balance point loss ratio is the complement of the provision in the rates for expenses, investment income, and an underwriting profit and contingency factor. This underwriting profit follows if losses and expenses do not exceed those anticipated. These provisions as a percentage of premium are set forth below:

General and Other Acquisition	18.0%
Production Cost Allowance	18.2%
Taxes, Licenses and Fees	3.8%
Underwriting Profit & Contingencies	<u>5.0%</u>
Total	45.0%
Expected Loss and ALAE Ratio (ELR)	55.0%

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Cost Index (Trend) Supplement

A rate level formula is intended to produce indications of needed movement to the overall rate levels in keeping with standards as set forth in the rate regulatory laws. Such standards require that due consideration be given to past and prospective loss and expense experience, to catastrophe and other contingencies, and a reasonable allowance for underwriting profit. The prospective premium level established is intended to reflect all these factors during the period of application to the end that this premium level is adequate and reasonable.

In reviewing experience attention is given to adjustment of premiums to current premium levels. Need for a similar adjustment on the loss side is evident. In the study resulting in the recommendation of this adjustment in Mobile Homeowners ratemaking, Foremost management sought a simplified method that would be suitable for translating prior year's losses into current and future dollars requirements. After investigation of the many indices available from either governmental or other statistical reporting agencies, it was concluded that a reasonable and logical adjustment could be attained if the Producer Price Index were applied to the Section I - Your Property Coverages.

The Producer Price Index measures the average change over time in the selling prices received by domestic producers for manufactured homes, mobile homes, and manufacturing. The Producer Price Index is produced monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

An explanation of the implementation of the Current Cost and Trending Procedures employed in this filing follows.

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Descriptions of Index Development

PART A

This is the quarterly average of the Producer Price Index (PPI) for the latest twelve quarters available.

PART B

This shows the development of the Current Cost Factors. These are based on the Average Annual PPI data for the years under review. These annual cost indices are related to the latest quarterly average PPI to develop the Current Cost Factors shown in Column 3 of Pages B-3 through B-7.

PART C

The Trend Factor is developed through the use of the Least Squares Method to determine the Line of Best Fit. The slope (or average quarterly increment) and the midpoint of the segment of the line of best fit defining the latest quarter of information are then used to determine a factor to project the line into the future twelve months beyond the revision date. The factor thus determined is the Trend Factor used in Column 5 on Pages B-3 through B-7.

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Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Quarter Ending December, 2008

PART A: Establishment of quarterly averages for the "Mobile Home" ("MH PPI") component of the Producer Price Index compiled monthly by the U.S. Department of Labor, Bureau of Labor Statistics. (Base: June, 1981 = 100)

Month	2006		2007		2008	
	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.
1	208.0		213.4		216.4	
2	208.4		213.9		216.9	
3	209.1	208.5	213.9	213.7	217.3	216.9
4	209.6		214.1		217.9	
5	212.9		214.6		219.4	
6	213.8	212.1	214.9	214.5	222.4	219.9
7	213.5		215.6		223.9	
8	214.3		215.1		225.4	
9	215.5	214.4	215.1	215.3	227.8	225.7
10	215.6		215.0		230.6	
11	215.0		215.0		229.7	
12	213.5	214.7	216.1	215.4	227.4	229.2

PART B: Use of average annual MH PPI values to calculate current cost factors (CCF).

Current Cost Factors Based on Average MH PPI Values For the Quarter Ending December 31, 2008

Year	4th Qtr	Annual Avg	CCF
1997	229.2	÷ 157.8	= 1.45
1998	229.2	÷ 159.9	= 1.43
1999	229.2	÷ 164.2	= 1.40
2000	229.2	÷ 167.1	= 1.37
2001	229.2	÷ 170.0	= 1.35
2002	229.2	÷ 172.6	= 1.33
2003	229.2	÷ 175.8	= 1.30
2004	229.2	÷ 190.0	= 1.21
2005	229.2	÷ 204.4	= 1.12
2006	229.2	÷ 212.4	= 1.08
2007	229.2	÷ 214.7	= 1.07
2008	229.2	÷ 222.9	= 1.03

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Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Quarter Ending December, 2008

PART C: Computation of trended MH PPI cost factors (TCF)

Calendar Year Ending	MH PPI	
	Average MH PPI	Fitted Values
1999	164.2	157.1
2000	167.1	164.3
2001	170.0	171.5
2002	172.6	178.7
2003	175.8	185.8
2004	190.0	193.0
2005	204.4	200.2
2006	212.4	207.3
2007	214.7	214.5
2008	222.9	221.7

With linear fitting, line takes the form: $Y=MX+B$

M = Average yearly increment	7.17
X = Number of years	10
B = Y intercept	149.97

- (1) Fitted MH PPI trend at midpoint of 2008
 $(M \times \text{\#yrs}) + B = 221.67$
- (2) Average Annual rate of change $\{ [(1) \div (B) - 1] \div (\text{\# years}) \} + 1$ **1.048**
- (3) Midpoint of latest MH PPI Quarter 11/15/2008
- (4) Effective Date of Proposed Change 03/01/2010
- (5) Twelve months past proposed Effective Date 03/01/2011
- (6) Number of years to trend forward 2.290
 Years elapsed from (3) to (5).
- (7) Trended Cost Factor **1.113**
 (To 03/01/2011)

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Non-Hurricane Catastrophe Supplement

The need for recognition of "catastrophe losses" is evident in the ratemaking process. Special Consideration of such losses maintains the stability of premium levels. The procedure for defining and dealing with catastrophe losses is as follows:

A catastrophe loss is declared when losses from a Property Claims Service (ISO) serial numbered catastrophe exceed 5% of the earned premium for that calendar year in which it occurred. Any loss less than or equal to 5% shall be included in and treated as a non-catastrophic loss. When losses from a single event exceed 5%, that portion in excess of 5% will be distributed over the experience period on the basis of premiums earned in each year. The spreading of a excess portion recognizes that losses of a catastrophic magnitude may occur in any year of the experience period, but are not expected to occur every year.

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Development of Non-Hurricane
Catastrophe Allocation
(Page 1)

Year	Date	(1) Incurred Loss	(2) Earned Premium	(3) Normal Loss Limit (.05) X (2)	(4)* Retained Portion	(5)** Loss Amount to be Allocated	(6)*** Loss Amount to be Disregarded
1999	n/a	906,211	5,002,641	250,132	250,132	656,079	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2000	n/a	490,638	4,945,829	247,291	247,291	243,347	0
	n/a	824,319	4,945,829	247,291	247,291	577,028	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2001	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2002	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2003	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2004	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2005	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2006	n/a	466,624	7,467,986	373,399	373,399	93,225	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2007	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
	n/a	0	0	0	0	0	0
2008	n/a	599,316	7,900,919	395,046	395,046	204,270	0
	n/a	973,538	7,900,919	395,046	395,046	578,492	0
	n/a	633,423	7,900,919	395,046	395,046	238,377	0
	n/a	449,812	7,900,919	395,046	395,046	54,766	0
	n/a	0	0	0	0	0	0

* The Retained Portion is the lesser of (1) and (3)

** Amount to be Allocated is the lesser of .25 X (2) - (3) or (1) - (3)

*** Loss Amount Disregarded is (1) - (4) - (5)

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Development of Non-Hurricane
Catastrophe Allocation
(Page 2)

	(1)	(2)	(3)	(4)
Year	Weight*	Amount Allocated (1) X A**	Amount Retained (4) Page 1	Total Allocation Incurred (2) + (3)
1999	0.079	210,240	250,132	460,372
2000	0.079	207,853	494,582	702,435
2001	0.077	204,476	0	204,476
2002	0.081	215,171	0	215,171
2003	0.091	240,329	0	240,329
2004	0.111	292,670	0	292,670
2005	0.117	308,260	0	308,260
2006	0.119	313,848	373,399	687,247
2007	0.121	320,694	0	320,694
2008	0.126	332,043	1,580,184	1,912,227

* Based on aggregate earned premium for experience period.

** A = Total column (5) Page 1 = \$

\$2,645,584

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Development of Non-Hurricane
Catastrophe Allocation
(Page 3)

	(1)	(2)	(3)	(4)	(5)
Year	Actual Incurred	Catastrophe Incurred (Page 1)	Incurred Less Catastrophe (1) - (2)	Catastrophe Allocation (4) Page 2	Total Incurred (3) + (4)
2004	3,390,349	0	3,390,349	292,670	3,683,019
2005	3,508,317	0	3,508,317	308,260	3,816,577
2006	4,704,608	466,624	4,237,984	687,247	4,925,231
2007	3,978,547	0	3,978,547	320,694	4,299,241
2008	8,294,397	2,656,089	5,638,308	1,912,227	7,550,535

Arkansas Disruption Chart

